
BIOGRAPHICAL SKETCH

NAME: Marika Cabral

eRA COMMONS USER NAME: MC47484

POSITION TITLE: Assistant Professor, Department of Economics

EDUCATION/TRAINING

INSTITUTION AND LOCATION	DEGREE	Completion Date MM/YYYY	FIELD OF STUDY
University of California, San Diego	BA	03/2006	Economics
University of California, San Diego	BA	03/2006	Applied Mathematics
Stanford University	PhD	06/2011	Economics

A. Personal Statement

My research lies in the areas of public economics and health economics. Most of my research employs secondary data analysis and a variety of empirical methods to study questions related to health insurance and health-related insurance markets. Much of my research focuses on the impediments to efficiency in insurance markets and how asymmetric information between insurers and consumers may explain these inefficiencies. My research areas are in line with the Population Health primary research area of the PRC.

Over the next several years, I plan to continue working on this general area of research. For instance, I have some work in progress investigating the welfare associated with insurance in the setting of disability insurance. There are several risks associated with suffering an adverse health shock including medical expenditure risk and the risk of lost earnings due to diminished work capacity. While individuals often have quite comprehensive coverage for medical expenditure risk (through health insurance), individuals have comparatively little insurance for health-related earnings losses because of disability. A primary means through which individuals receive insurance for disability induced earnings losses is compulsory public disability insurance. The welfare or value associated with public insurance is often difficult to quantify. Relative to private insurance settings, a fundamental difficulty is that public insurance is typically compulsory, so the demand for coverage is not observed and thus cannot be used to infer the value individuals place on coverage. However, in many public insurance settings, individuals can purchase private supplemental insurance to top-up their public coverage. In my ongoing research, I develop an approach to use data and variation from the private market for complementary insurance to quantify welfare associated with several counterfactuals related to compulsory public insurance. Using administrative data from one large firm on employee long-term disability insurance, I then apply this approach empirically to quantify the value disability insurance among this population. I use premium variation among the long-term disability policies available to employees to identify the demand for an incremental 10 percentage point increase in the replacement rate. Using the demand estimates along with claims data, I quantify the surplus that would be generated by increasing the replacement rate of compulsory disability insurance for our sample population — a counterfactual that is within the set of insurance contracts observed in this setting. In addition, I estimate a lower bound on the surplus generated by public disability insurance in this context. Overall, the preliminary analysis suggests that public disability insurance generates substantial surplus for this population, and there may be gains to increasing the generosity of coverage in this context.

In my time at UT thus far, I have benefited from the PRC's lunch lecture series and interactions with other PRC affiliated faculty. Going forward in the future, I anticipate that I may take advantage of other resources available through the PRC including computing support and/or grant administrative support.

B. Positions and Honors

Positions and Employment

2011-present Assistant Professor, Department of Economics, University of Texas at Austin
2011-present Faculty Research Associate, Population Research Center, University of Texas at Austin
2013-present Faculty Research Fellow, National Bureau of Economic Research

2015-present RAND Adjunct Affiliate
Spring 2015 Visiting Assistant Professor, Department of Economics, University of California Berkeley

Other Experience and Professional Memberships

2011-present Member, American Economic Association
2011-present Member, American Society of Health Economists

Honors

2008-2011 National Science Foundation Graduate Research Fellowship
2011 National Tax Association Dissertation Award

C. Contributions to Science

1. Some of my research focuses on the implications of strategic behavior in insurance settings. In some recent work, I show that insurance markets can break down when patients can delay treatments just long enough to sign up for more generous insurance coverage. My empirical application is within the context of dental insurance. Using data on dental claims from employees at Alcoa, I present several simple tests of the hypothesis that people strategically delay claims. I then develop a model to investigate the consequences of this behavior. My results show that this strategic behavior is quantitatively important and can explain why the market for dental insurance has largely unraveled. More generally, my results suggest that policy tools such as open enrollment periods, waiting periods, and contracting on pre-existing conditions can get around the market breakdown generated by this strategic delay of treatment.

Cabral, Marika. "Claim Timing and Ex Post Adverse Selection." Working paper. *[forthcoming: The Review of Economic Studies]*

2. Another area of focus in my research is exploring the role of private insurance within the context of Medicare. One of my papers focuses on estimating the effect of private Medigap supplemental insurance on public Medicare spending using Medigap premium discontinuities in local medical markets that span state boundaries. Using administrative data on the universe of Medicare beneficiaries, we estimate that Medigap increases an individual's Medicare spending by 22.2%. This study reveals that large Medicare savings could be achieved by taxing private supplemental insurance policies. Based on our estimates, we calculate that a 15% tax on Medigap premiums would generate combined tax revenue and cost savings of \$12.9 billion annually.

Cabral, Marika and Neale Mahoney. "Externalities and Taxation of Supplemental Insurance: A Study of Medicare and Medigap". NBER working paper #19787. *[revise and resubmit: American Economic Journal: Applied Economics]*

3. Another topic I have studied is the division of surplus between consumers and producers in the setting of private provision of public health insurance. I have a paper that investigates this question by studying the private provision of Medicare through Medicare Advantage (MA). Using difference-in-differences variation brought about by payment floors established by the 2000 Benefits Improvement and Protection Act, we find that for each dollar in increased capitation payments, MA insurers reduced premiums to individuals by 45 cents and increased the actuarial value of benefits by 8 cents. Using administrative data on the near-universe of Medicare beneficiaries, we show that advantageous selection into MA cannot explain this incomplete pass-through. Instead, our evidence suggests that insurer market power is an important determinant of the division of surplus, with premium pass-through rates of 13% in the least competitive markets and 74% in the markets with the most competition.

Cabral, Marika, Michael Geruso, and Neale Mahoney "Does Privatized Health Insurance Benefit Patients or Producers? Evidence from Medicare Advantage". NBER working paper #20470. *[revise and resubmit: the American Economic Review]*

4. Another paper of mine relates to the salience of the property tax and the impact of tax salience on tax rates. Because of the obtrusive manner in which they are normally paid, property taxes are likely the most salient taxes in the U.S. However, they are much less salient to homeowners with tax escrow.

Exploiting geographical variation in tax escrow, we test how salience affects property tax rates and limits. We instrument for tax escrow using bank holding companies' national mortgage servicing assets, focusing on companies that have local branches but do most of their business outside the area. We find that a one standard deviation increase in tax escrow produces about a one standard deviation decrease in property tax rates.

Cabral, Marika and Caroline Hoxby. "The Hated Property Tax: Salience, Tax Rates, and Tax Revolts". NBER working paper #18514. *[revise and resubmit: Journal of Political Economy]*

D. Research Support

Ongoing research support:

Funding from the RAND Institute for Civil Justice

08/01/15-present

Employer Demand for Workers' Compensation Insurance and the Economic Efficiency of Workers' Compensation Coverage Mandates: Evidence from Texas

The goal of this project is to study the impact of workers compensation premiums on the take-up of workers compensation policies within the voluntary Texas workers compensation system.

Role: Co-Principal Investigator

Responsibilities: Supervised all aspects of the project at UT Austin, lead analyses and paper publication and dissemination.

Completed research support:

None at present.